



ENVIRONMENTAL LAW & POLICY CENTER

Protecting the Midwest's Environment and Natural Heritage

Pre-Workshop Comments of the Environmental Law and Policy Center on Electricity Resource Adequacy in MISO Zone 4

The Environmental Law and Policy Center (“ELPC”) respectfully submits the following pre-workshop public comments in advance of the Commission’s December 7th workshop regarding electricity resource adequacy in MISO Zone 4. ELPC is a nonprofit public interest environmental and sustainable business advocacy organization based in Chicago. Among its goals, ELPC advocates for the reliable integration of renewable and demand-side resources into the electric system, as well as fair and equitable rates.

Since 1997, Illinois has shifted the way it procures power from a vertically integrated, highly regulated model to a competition-based, restructured market. This system has provided tremendous benefits to Illinois rate payers over the last 20 years through savings on electricity costs and the development of the safest, least cost, most reliable, and environmentally sustainable energy resources. This restructuring has led to the timely and efficient shutdown of aged, uneconomic generation resources. A combination of effective market signals and oversight from the Independent System Operator has consistently ensured the protection of all Illinois electricity consumers. Consistent with that goal, the Illinois General Assembly provided direction to the Illinois Commerce Commission (“Commission”) in its findings in the Public Utilities Act:

“The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers. Consumer protections must be in place to ensure that all customers continue to receive safe, reliable, affordable, and environmentally safe electric service.” (220 ILCS 5/16-101A(d))

It is within this context that ELPC wishes to raise a series of points for discussion in the upcoming workshop. The Commission in its letter asked for Comments as well as suggestions for conducting the workshop. The points below should be addressed by stakeholders as topics of discussion on December 7.

- Illinois began restructuring its energy system in 1997. That process removed the Commission from reliability planning and required Illinois generation owners to compete rather than rate base their generation units. (220 ILCS 5/16) On several levels, this structure has been successful in Illinois.
- There is no identifiable reliability crisis in Illinois today and there is little indication that one is coming in the near-term. As discussed in the ICC’s November 1 whitepaper, MISO’s own OMS-MISO survey found a surplus of 0.7 to 1.6 GW of generation in Zone 4 through 2022. Moreover, Ameren Illinois underscored this fact in its testimony during the November 7, 2017 Senate/House Joint Subject Matter Hearing.
- To the extent that reliability issues appear before 2022 due to generator retirements or other reasons, MISO – under the oversight of the Federal Energy Regulatory Commission (“FERC”) – has the responsibility to manage and alleviate reliability concerns.

- FERC has consistently approved agreements under which generation resources continue to operate and recover costs that would not otherwise be recovered through generator sales of energy, capacity and ancillary services in competitive markets. The services provided under these agreements, referred to in MISO as System Support Resource (“SSR”) contracts, provide for the retention of generation units wishing to deactivate, because they have become uneconomic, but which are needed for transmission system reliability. Therefore, MISO has sufficient authority to prevent any capacity shortfall.
- MISO can meet its reliability obligations through a combination of SSR contracts, transmission expansions, and robust and responsive markets. MISO has already effectively managed the closure of a Dynegy plant with SSR contracts and transmission expansions during the shutdown of Edwards Unit 1. As other older, inefficient plants close, MISO has the same effective tools available to meet its obligations.
- MISO’s existing market is functioning as intended. Further, FERC recently denied MISO’s request to change its market. As the Commission’s white paper explains, on February 2, 2017, FERC rejected MISO’s proposal to bifurcate its capacity market, stating that such a bifurcation would not produce efficient pricing, costing ratepayers too much money without ensuring a better reliability outcome. (Midcontinent Independent System Operator, Inc., 158 FERC ¶ 61,128 (2017))
- FERC is currently in the process of a proposed rulemaking that could directly impact the issues that this process is meant to address. (FERC RM18-1) While it remains unclear what the outcome of that rulemaking will be, it would imprudent to conduct this workshop process before we know what FERC is proposing.
- Given the above factors, the proposed workshop timeline is unnecessarily brief. The schedule asks stakeholders to provide three sets of comments over the course of two months. This will not give stakeholders the time necessary to provide the level of thoughtful or helpful comments desired by the Commission. An unnecessarily abbreviated process is often worse than no process at all. These are important issues and they deserve a measured approach. That requires an extended period to allow for greater public input from citizens and small businesses. The schedule should allow for a thorough examination of future reliability needs and how those needs can best be met.

Respectfully submitted,



Robert Kelter
Senior Attorney
Environmental Law & Policy Center
35 East Wacker Drive, Suite 1600
Chicago, IL 60601
T: (312) 795-3734
rkelter@elpc.org



Justin Vickers
Staff Attorney
Environmental Law & Policy Center
35 East Wacker Drive, Suite 1600
Chicago, IL 60601
T: (312) 795-3736
jvickers@elpc.org